

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

IRS Introduces e-file for Corporations, Exempt Organizations

IR-2004-43, March 30, 2004

WASHINGTON — For the first time, corporations and tax-exempt organizations have the option of filing their annual income tax and information returns electronically, the Internal Revenue Service announced today.

Corporations and tax-exempt entities can now significantly reduce the time it takes to file their Forms 1120 and 990 simply by filing them electronically. The new electronic filing system was developed and delivered through the IRS Business Systems Modernization program and began accepting returns last month.

The new system provides corporations and tax-exempt organizations the option to transmit tax return data using a secure Internet connection in place of a modem. Taxpayers and tax professionals can prepare the returns using IRS-approved software developed by one of several software companies. The returns are then transmitted to IRS through a secure Internet site accessible only to registered users.

“We have worked closely with tax professionals to build a new approach based on industry needs. The successful launch of this modernized e-file process means charitable organizations and most corporations can stop filing massive paper returns,” Commissioner Mark W. Everson said.

The improved process offers additional advantages:

- Tax professionals can attach documents to returns in Portable Document Format (PDF).
- Error messages are quickly delivered and easier to understand.
- Returns are processed upon receipt and an IRS return message lets tax professionals know the return has been filed.

In 2003, corporations filed more than 5.7 million corporate income tax returns (Form 1120) and tax-exempt organizations filed 506,000 annual information returns (the Form 990 series) last year, plus 395,000 automatic extension forms.

This is the first release of the new electronic filing system. The project's goal is to replace outdated, proprietary IRS technology with an industry standard process that

uses Extensible Markup Language or XML. This is the first XML-based system IRS has used to receive tax returns over the Internet.

On Feb. 23, IRS began accepting 59 forms for electronic filing of corporate returns 1120 and 1120S and exempt organization returns 990, 990EZ, 1120POL and the extension Form 8868, to request an automatic extension of time to file. More than 95 percent of corporations are able to file electronically now and all corporations will be able to when another 43 forms and schedules are released later in 2004. More than two-thirds of exempt organizations can file electronically now, and an additional 244,000 will be able to file other types of returns later in 2004 and 2005.

In future releases, the new system will make it possible to file federal and multiple-state returns in a single electronic transmission. The IRS is working closely with several states on this future option.

Only electronic return originators have access to the new electronic filing system. Tax professionals can become electronic return originators by using a new, online application process. Those who are already electronic return originators can update their applications online to e-file these new forms. Tax professionals wanting to know more about the online application form and other e-services should visit the e-services page on IRS.gov. The IRS Web site also has more information about modernized e-file and the software companies that support the new program.

Links on IRS.gov

- e-services, <http://www.irs.gov/taxpros/article/0,,id=109646,00.html>
- Modernized e-file for forms 1120/1120S, <http://www.irs.gov/efile/article/0,,id=103789,00.html>
- Approved Software Providers for Corporate Returns, Forms 1120/1120S, <http://www.irs.gov/efile/lists/0,,id=119096,00.html>
- Modernized e-file for Charities and Non-Profits, <http://www.irs.gov/efile/article/0,,id=108211,00.html>
- Approved Software Providers for Forms 990/990EZ & 1120POL, <http://www.irs.gov/efile/lists/0,,id=119598,00.html>